

# Office of Audits – Charter



Josh Nix, CPA, CFE, CGFM  
Administrator

Onetta Thomas, CPA, CFE  
Assistant Administrator (Internal Audit)

Jennifer Gloster, CFE  
Assistant Administrator (External Audit)



*One Georgia Center, 600 West Peachtree Street, NW  
Atlanta, GA 30308  
Telephone: 404-347-0311  
[www.dot.ga.gov](http://www.dot.ga.gov)*

## **Office of Audits Charter**

### **I. OVERVIEW**

The Office of Audits exists to support the overall mission, goals, and operations of the Georgia Department of Transportation (Department). The services provided by the Office of Audits allow executive management to attest to the various federal and state agencies that the monies provided to the Department were expended in accordance with applicable federal and state laws, regulations, and provisions of contracts.

### **II. MISSION**

The mission of the Office of Audits is to provide independent, objective assurance and advisory services based on a systematic examination of evidence to ensure that the organization, programs, activities, and functions of the Department are operating as intended. In addition, duties performed by the Office of Audits provides reasonable assurance that federal and state costs proposed and charged to the Department via contracts and agreements with contractors, consultants, and sub-grantees are accurate, reasonable and comply with all applicable federal and state laws, regulations, and provisions of contracts.

### **III. VISION**

In keeping with our agency's vision of "Enhancing Georgia's competitiveness through leadership in transportation", our vision is to provide on-going value to GDOT by:

- Enhancing the accountability and integrity of GDOT's operations
- Demonstrating competency and leadership as audit professionals for GDOT
- Maintaining open and effective communication with all levels of management and internal and external customers
- Dedicating ourselves to continuous improvement of our processes and development of our team members
- Setting high expectations for ourselves as audit professionals

### **IV. AUTHORITY**

The Audits Administrator and designated audit staff are granted authority<sup>1</sup> for full, free and unrestricted access to all of the organization's functions, records, information systems, personnel, contractors, physical properties, rental locations, and any other item relevant to the function, process, or department under review. All contracts with vendors shall contain the Department's standard "right-to-audit" language enabling the Department's auditor to have access to relevant records and information. All of the employees of the Department are required to assist the staff of the Office of Audits in fulfilling their audit functions and fiduciary duties.

<sup>1</sup> *Audit authority has been established by the signature of the Commissioner of the Department since 1973.*

## **V. INDEPENDENCE, OBJECTIVITY, AND INTEGRITY**

To provide for the independence of the Office of Audits, its personnel report to the Audits Administrator, who in turn reports directly to the Commissioner, in accordance with *Government Auditing Standards* (Chapter 3 part 3.31).

All audit activities shall remain free of influence or interference by any element within or outside the Department. To ensure independence and objectivity, audit staff shall have no direct responsibility or authority for any of the activities or operations they review. They shall not develop nor install systems or procedures, prepare records, or engage in any other activity that would normally be audited or reviewed by the Office of Audits.

Each audit team member agrees to abide by all applicable auditing standards and Department policies regarding conflicts of interest. All audit team members are required to notify the Audits Administrator of any current or potential personal conflicts of interest they become aware of during the year.

Each audit team member will perform each engagement with consistency, efficiency, honesty, and quality.

## **VI. ORGANIZATION**

The Audits Administrator is responsible for the development, review and modification of audit policies, procedures, and goals for the conduct of audits. In addition, the Audits Administrator is responsible for ensuring each audit engagement is performed in accordance with appropriate auditing standards. As head of the Office of Audits, and in accordance with Department policies and procedures, the Audits Administrator is vested with the authority to hire, assign and reassign audit staff as needed to ensure the support of the department, its programs, activities, and functions.

The Office of Audits will be comprised of the following units:

**Internal Audit Unit** – Responsible for providing independent and objective analysis, reviews, and assessments of GDOT's business activities, operations, financial systems, and internal controls. This unit is also responsible for monitoring subrecipient compliance with audit requirements in accordance with OMB's Uniform Grant Guidance codified in 2 CFR §200.331(f).

**External Audit Unit** – Responsible for providing support for contract compliance regarding GDOT professional services (consultant) contracts, and utilities and railroad agreements. This includes evaluation, review and audit of consultant contracts and expenditures to ensure compliance with Federal Acquisition Regulations. This also includes accounting system reviews and CPA work paper assessment reviews. Audit work performed by the External Audit Unit is done in accordance with 23 USC Section 112 (b)(2(B-C) and applicable Federal Acquisition Regulations.

## **VII. OBJECTIVES, SCOPE, AND RESPONSIBILITIES**

**Auditing Objectives.** The objectives of the Office of Audit are (1) provide independent assurance to Department management that the organization's assets are safeguarded, (2) enhance operating efficiency, and (3) ensure that compliance is maintained with prescribed laws and management policies so as to ensure proper stewardship and oversight of public expenditures.

**Scope.** The scope of the Office of Audits is to determine whether the organization's risk management, internal controls, and governance processes, as represented by management, are adequate and functioning in a manner to ensure:

- Programs are operating within the highest fiduciary standards and are directed toward the requirements defined in the federal and state constitutions, laws, and regulations and the policies and procedures of the Department.
- Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately.
- Operations, processes and programs are consistent with established missions, objectives, and goals.
- Existing policies and procedures are updated as appropriate.
- Risks within and outside of the organization are appropriately identified and mitigated.
- Financial, managerial, and operational information is accurate, reliable, and timely.
- Contractors, including third-party administrators, are meeting the objectives of the contracts, while in conformance with applicable laws, regulations, policies, and procedures.

**Responsibilities.** The Office of Audits team is responsible for performing each of its engagements in a professional manner in accordance with applicable auditing standards. This includes making special effort to accommodate the Department's, consultants', utilities', and railroads' daily operations in scheduling and conducting interviews and obtaining applicable data for testing.

Each team member is responsible for drawing objective audit conclusions based on reasonable factual evidence obtained during the course of an audit or review. Team members will make recommendations where needed. However, actual responsibility for implementation of corrective action(s) and reimbursement of questioned costs to the

Department rests solely with the appropriate Division Director and Office Head of the area under review.

While broad access to the Department's records has been granted to the Office of Audits, this does not negate each audit team member's responsibility for safeguarding and ensuring the confidentiality of the Department's financial and proprietary information. Audit information may not be submitted to any outside party without the expressed consent of the Audits Administrator.

## **VIII. REPORTING**

A written audit report will be prepared by the Audits Administrator at the conclusion of each Internal Audit engagement and will be distributed as appropriate. The Office Administrator receiving the report will respond to any recommendations within 30 days and forward a copy of the response to those included on the distribution list. The response will indicate what actions were taken regarding specific report findings and recommendations. If a response is not received within 30 days, the Audits Administrator will contact the appropriate Division Director for assistance in resolving the matter.

External Audit reports will be distributed to the appropriate parties within a reasonable time of fieldwork conclusion. For contract compliance audits with questioned costs, a draft report will be issued to the appropriate office head and consultant or utility or railroad vendor who will have 60 days to provide documentation substantiating the questioned costs prior to issuance of the final report.

The Audits Administrator will submit an annual Audit Work Plan at the start of each fiscal year to the Commissioner, Deputy Commissioner, Chief Engineer, and appropriate Division Heads. This document will include a tentative Office of Audits schedule to assist the various divisions with allocating resources and people to assist with our audit work.

At the conclusion of each fiscal year, the Audits Administrator will submit an Annual Audit Report to the Commissioner, Deputy Commissioner, Chief Engineer, and appropriate Division Heads. This document will detail activities performed by each unit of the Office of Audits, Department-wide Risk Assessment results, and major deficiencies noted during our audit work.

## **IX. STANDARDS OF AUDIT PRACTICE**

The Office of Audits will meet or exceed *Generally Accepted Government Auditing Standards* issued by the Comptroller General of the United States.

In addition, the following auditing standards will be followed, as applicable:

- *Internal Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors

- *Auditing Standards (SASs) and Statements on Standards for Attestation Engagements (SSAEs)* issued by the American Institute of CPAs, as applicable.

### **Code of Ethics**

As auditors of the Department, Office of Audits personnel are in a position of trust and should be held to the highest ethical standards. Therefore, in addition to the *Code of Ethics for Government Service* detailed in the Official Code of Georgia (Section 45-10-1), the Office of Audits agrees to abide by the following standards of professional conduct:

- American Institute of Certified Public Accountants (AICPA) *Code of Professional Conduct*,
- Institute of Internal Auditors (IIA) *Code of Ethics*,
- Association of Certified Fraud Examiners *Code of Professional Ethics*.

### **X. APPROVAL**

*As head of the Office of Audits, I agree to abide by and ensure that all levels of Audit management and staff members abide by the tenets of this charter.*

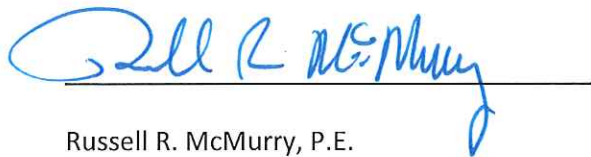


Josh Nix, CPA, CFE, CGFM  
Office of Audits Administrator

12/14/16

Date

*This charter is approved and all future amendments to it are to be approved by the Commissioner and will be reviewed annually and updated as required by the Office of Audits.*



Russell R. McMurry, P.E.  
Commissioner

12/14/16

Date